



## **H.R. 1167: Welfare Reform Act of 2011**

*March 2011*

*“Continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit... We must preserve not only the bodies of the unemployed from destitution but also their self-respect, their self-reliance and courage and determination.”*

**-President Franklin D. Roosevelt**, 1935 State of the Union Address—the speech that launched the American welfare state

Since the “War on Poverty” began in 1964, Americans have spent \$16 trillion on state and federal welfare programs. In the two decades leading up to 2008, welfare spending grew by 292%. According to the most recent data available, spending for this purpose will amount to more than \$10.3 trillion at all levels of government over the next decade. These spending programs have not achieved the stated aims of their authors, which was to reduce poverty and to increase self-sufficiency. Instead, 43 million Americans live at or below the poverty level, and dependence on government is increasing by any objective measurement. In order to reverse course, the RSC offers the Welfare Reform Act of 2011, which will:

1. Require disclosure of total means-tested welfare expenditures (for the 77 existing programs) in the President’s budget submission.
2. Place an *aggregate* spending cap on these means-tested welfare expenditures limited to the level of 2007 plus inflation growth (effective when unemployment falls below 6.5%).
3. Provide enforcement of this spending cap through the budget resolution.
4. Extend work requirements to the Food Stamp program.
5. Incentivize states to alleviate poverty through self-sufficiency, not dependence on government, by reallocating \$300 million of current welfare spending toward a new program of grants to states that successfully reduce poverty and increase self-sufficiency.
6. Prevent federal funding of abortion through these programs.

**Disclosure of Welfare Spending in President’s Budget:** The legislation requires the President’s budget to include a figure on proposed aggregate federal welfare expenditures over the next ten years, as well as estimated state and local welfare expenditures over this period. This will give taxpayers information on how much the federal government, and also all levels of government, are spending on means-tested welfare spending.

**Cap on Welfare Spending:** Overall means-tested welfare spending (for the 77 current programs) is limited to the level of 2007 plus inflation growth. This is an overall cap, which means it does not require cuts to any specific program. Instead choices would be made through the budget process. ***Effective date:*** On the first fiscal year after the unemployment rate is 6.5% or less.

**Enforcement of Spending Cap:** Amend the Budget Act to require all of the following (in order to comply with the cap):

1. Require the budget resolution to establish a total spending allocation for means-tested welfare spending that does not exceed the aggregate cap established by the legislation.
2. Require the budget resolution to provide to each authorizing committee with jurisdiction over one or more mandatory means-tested programs a maximum spending allocation for that year for the combined cost of all the mandatory means-tested programs under its jurisdiction.

3. Provide for reconciliation instructions for each committee of the difference between the allocation and the CBO baseline of spending for means-tested welfare programs under the committee.
4. Require the budget resolution to place a cap on the Appropriations Committee's (i.e. discretionary) means-tested spending, and require the committee to divide this cap between the subcommittees.
5. Require the sum of the mandatory means-tested sub-limits for each of the authorizing committees and the discretionary means-tested limit for the appropriations committee to not exceed the aggregate cap for means-tested welfare spending for that year.
6. Provide a point of order in House and Senate against consideration of any budget resolution that does not comply with these requirements.

**Food Stamp Work Requirements:** The legislation establishes work requirements for Food Stamps modeled on the success of the 1996 welfare reform law. States would be required to place 4% of the monthly caseload in a work activation program in 2012, and then 7% in 2013 and thereafter.

In general, able-bodied individuals (from ages 19 to 62) would have to meet work requirements established by the legislation, including:

- Employment;
- Supervised job search;
- Community service work;
- Education and job training;
- Drug or alcohol treatment.

Individuals would have to meet 60 hours per month of the above-listed activities (families with dependent children 120 hours per month). The legislation would also reduce TANF spending by \$1 billion a year, and repeal a provision from the "stimulus" increasing Food Stamp benefits. This money would pay for the cost of state administration of work requirements (authorized at \$2.5 billion a year).

**Incentives for States to Increase Self-Sufficiency:** The legislation creates a new program of grants to states (more than paid for by other spending reductions in the bill) that can meet rigorous standards on reducing poverty without increasing government dependence. To be eligible, a state would have to increase their "self-sufficiency ratio" compared to 2007. This calculation would be based on the number of families that are above the poverty line after excluding receipt of means-tested welfare spending. Up to three states would be eligible for this award, with a total cap on spending for this award of \$300 million. Conservatives believe that the answer to poverty is work, higher earnings, and marriage. This program would reward states that can meet the stated aims of the creators of our current welfare programs: to move able-bodied individuals into self-sufficiency. The costs of this program would be more than offset by the savings elsewhere in the bill.

**Prohibition of Federal Abortion Funding:** The legislation prohibits federal funding for abortions.

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